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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	:	Chapter 11
	:	
DELPHI CORPORATION, <u>et al.</u> ,	:	Case No. 05-44481(RDD)
	:	
Debtors.	:	(Jointly Administered)
_____	X	

**MEMORANDUM OF INTERNATIONAL TRUCK AND ENGINE CORPORATION
REGARDING THE SERIOUS IMPACT THE OUTCOME OF THE MOTION FOR
ORDER UNDER 11 U.S.C. § 1113(c) AUTHORIZING REJECTION OF COLLECTIVE
BARGAINING AGREEMENTS AND UNDER 11 U.S.C. § 1114(g) AUTHORIZING
MODIFICATION OF RETIREE WELFARE BENEFITS MAY HAVE ON THE
DEBTORS' ORIGINAL EQUIPMENT MANUFACTURER CUSTOMERS**

International Truck and Engine Corporation (“ITEC”), by and through its undersigned counsel, files this Memorandum to inform the Court of its views regarding the potential impact the outcome of the Motion For Order Under 11 U.S.C. § 1113(c) Authorizing Rejection Of Collective Bargaining Agreements And Under 11 U.S.C. § 1114(g) Authorizing Modification Of Retiree Welfare Benefits (the “1113/1114 Motion”) may have on ITEC, the Debtors, and the Debtors’ other Original Equipment Manufacturer Customers (the “OEMs”).

FACTS

ITEC is the principal operating subsidiary of Navistar International Corporation, which is a global leader in the manufacture and sale of trucks, buses and diesel engines. ITEC is a party to numerous contracts with the Debtors and purchases approximately \$46,000,000 worth of parts from the Debtors each year.

The parts are purchased for just-in-time production schedules and are an integral part of ITEC's business - like many other OEMs. Therefore, any shutdown of the Debtors' operations resulting in the Debtors' inability to supply parts to ITEC would cause great hardship to ITEC, its employees and its customers. Cessation of deliveries by the Debtors would, of course, also constitute a breach of contract, exposing the Debtors to substantial liability.

Upon information and belief, such a shutdown would also cause great hardship to other OEMs, further increasing the impact of the Debtors' actions and the Debtors' exposure to breach of contract claims.

SERIOUS IMPACT

At this time, ITEC has no position with respect to the relief requested in the 1113/1114 Motion nor with respect to the numerous oppositions filed to the 1113/1114 Motion. Additionally, ITEC is confident that the Court will take into consideration all facts and circumstances with respect to the impact the ultimate outcome of the 1113/1114 Motion will have on the Debtors, creditors, parties-in-interest, and the economy as a whole. However, because it has a significant stake in the ultimate outcome of these proceedings, ITEC wishes to voice its concerns to the Court for such consideration as the Court may deem appropriate.

A significant concern is that union contract negotiations will break down, resulting in work stoppages/strikes at all or some of the Debtors' plants. As previously noted, any work stoppages/strikes will have a serious impact on ITEC as well as upon other OEMs which would themselves be forced to pursue drastic measures to maintain at least some level of production capacity in the absence of their regular, trained workforce.

ITEC is confident that the Court is aware of the negative and far reaching effect work stoppages/strikes would have on ITEC, other OEMs, other customers, consumers, and the U.S. and global economies as a whole. On the other hand, the seriousness of such work stoppages/strikes can not be overstated. In fact, ITEC believes that in the event that work stoppages/strikes occur, it would be appropriate that the Court enter an order enjoining the work stoppages/strikes for some period of time, in significant part because of the enormous negative impact the work stoppages/strikes would have on ITEC, other OEMs, other customers, consumers, and the U.S. and global economies as a whole.

ITEC views the possible impact of the outcome of the 1113/1114 Motion seriously enough that ITEC is immediately available via telephone or video conference or upon 24 hours notice to appear in person before the Court to further explain its concerns, proffer testimony and/or evidence or otherwise address the significance to ITEC and others of the Court's treatment of the 1113/1114 Motion and related matters.

CONCLUSION

ITEC respectfully requests that the Court include ITEC's concerns in the record as well as consider ITEC's concerns as part of the Court's decision process.

Dated: May 9, 2006

Respectfully submitted,

/s/ Mark R. Owens

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